

THE INFLUENCE OF PRODUCT ATTRIBUTES ON BRAND PREFERENCE : THE MODERATING ROLE OF SALESMANSHIP

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**UNIVERSITI SAINS MALAYSIA
2017**

**THE INFLUENCE OF PRODUCT
ATTRIBUTES ON BRAND PREFERENCE :
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SALESMANSHIP**

by

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**Thesis submitted in fulfillment of the requirements
for the degree of
Doctor of Philosophy**

October 2017
ACKNOWLEDGEMENT

Alhamdulillah rabbi 'alamin, this thesis is one way or another is a reflection and translation of doa, loves, sacrifices, hardship, inspirational, moral supports, to mention a few by most valued assets blessed by Allah SWT. Thus, this special and humble dedication came sincerely from the bottom of my heart to these special individuals.

To my beloved parents, Papa M. Rahim Siregar and Mama Masdeliana Harahap. No word could accurately express and describe how grateful I am for the encouragement, love, doa and sacrifices they have shown during my PhD journey. To my lovely siblings and sister in law, Frans Kurniawan Siregar, Fathir Payungan Siregar, Rachliana Sukmawati Siregar, Rizki Agung Adha Siregar, Hadiana Hasibuan, Arfida Herawati Hasibuan, and Hairunniza Hasibuan, I am so grateful to be associated with all of you. Thank you for always be there perseveringly giving all that I needed to keep my sailing. May Allah repay all that you have done. For my father in law Alm. Aslim Hasibuan and Almh. Rosdiana Nasution, I dedicate this achievement for you.

To my beloved husband, Arnawan Hasibuan, we have successfully passed the PhD obstacles together, although it's a challenging journey for us but we made it. Dedicated to my lovely children, M Rafif Fadhlurrahman Hasibuan, Fairuz Raihanah Hasibuan, Alya Zhafira Azzahra Hasibuan, your willingness to be patient, understanding, to make sacrifice during my PhD journey are most valuable. With a deep sense of gratitude, I have realized that I am very blessed to be given

with such caring, love, responsible and understanding family. There is no word that can describe how much I value your love and to make this dream come true. May our family be full of love, success and blessed.

I wish to express my deep and sincere gratitude to my supervisor Associated Professor Dr Mahmod Sabri Haron and Professor Dato' Dr Ishak Ismail, who has proven to be a great mentor and sources of inspiration by providing invaluable support throughout exhaustive years of my PhD journey.

Grateful acknowledgment is extended to DR Hazril Izwar Ibrahin and Prof Ramayah Thurasamy who have both given comments, suggestion, and invaluable advice in the course of this undertaking. I would also like to express my sincere appreciation to the Dean, School of Management, Professor Dr Fauziah Md. Taib, the academic and non academic staff of school of management for assistance provided at all level of this research.

To all my friends, you guys are just wonderful. You are part of my success. You guys had made my work possible though it was impossible. To Dr Rayenda Kreshna Brahmana, I sincerely thank you for sharing of knowledge and guiding me through my hardship. To my fellow-schoolmates SOM-USM, Dr Yuni Nustini, Dr Doddy Setiawan, Dr Mohd. Nasir Selamat NYD, Hazmanan Khair Pasaribu, Vina Arnita, Eky Ermal, Siti Fatimah, Sharifuzah, Jeniboy Kimpah, Azam Khalid, Muhammad Al-Omari, Amar Hisham, Pak Arief Bowo

Prayoga for sharing time, supported and share knowledge during our study and work at PhD room. I will never forget our sweet memories.

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**PENGARUH CIRI PRODUK TERHADAP KEUTAMAAN JENAMA.
PERANAN FAKTOR PENYEDERHANA OLEH JURUJUAL**

ABSTRAK

Proses penilaian membeli kereta adalah rumit. Pengguna ingin membuat keputusan pembelian dengan alasan yang baik dan akan mempertimbangkan beberapa ciri kereta apabila membuat keputusannya. Tujuan kajian ini adalah untuk memahami bagaimana ciri produk menentukan keutamaan jenama dan menyiasat kesan sifat utilitarian dan hedonik pada

keutamaan jenama. Tambahan pula, kajian ini membincangkan bagaimana sikap terhadap jenama dan peranan jurujual dalam mempengaruhi keutamaan jenama. Untuk mencapai matlamat pengajian, penyelidikan kuantitatif telah diterima pakai. Satu kajian selidik telah dijalankan dengan menggunakan soal selidik untuk menilai persepsi bagi individu memiliki kenderaan di Malaysia dan digunakan 400 responden. Secara keseluruhan, kajian ini mendapati bahawa kesan daripada sifat-sifat utilitarian dalam ciri produk adalah lebih besar daripada ciri hedonik kepada kajian jenama. Ujian empirikal dalam kajian ini mengesahkan peranan pencelahan sikap terhadap jenama diantara ciri produk dan keutamaan jenama, manakala peranan pengantara jurujual tidak disokong. Sumbangan kajian ini berkaitan dengan pembangunan Rangsangan Organisma Response teori oleh Jacoby. Keputusan mendapati bahawa ciri produk termasuk dalam sektor satu adalah dianggap sebagai rangsangan, sikap terhadap jenama dalam sektor tiga adalah organisma, dalam sektor lima peranan jurujual dikategorikan sebagai rangsangan-tindak balas, dan pilihan jenama adalah tindak balas dalam sektor tujuh. Hasil kajian menunjukkan bahawa nilai ekonomi, prestasi dan kebolegunaan adalah ciri penting bagi pengguna untuk memilih jenama dan sikap mereka terhadap jenama. Oleh kerana itu, strategi produk berdasarkan atribut dalam industri automotif perlu diteruskan dari sudut pandangan pelanggan.

**THE INFLUENCE OF PRODUCT ATTRIBUTES ON BRAND
PREFERENCE. THE MODERATING ROLE OF SALESMANSHIP**

ABSTRACT

The evaluation process of buying a car is complex. The consumer wants to make a well-reasoned purchase decision and will consider several car attributes when making his decision. The aim of this study is to understand how product attributes determine brand preference and to investigate the impact of utilitarian and hedonic attributes on brand preference. Furthermore, this study addresses how attitude towards brand and role of salesmanship in influencing brand

preference. To achieve the aim of study, a quantitative research was adopted. A survey research was conducted using questionnaire to assess the perception of individual who owned a vehicle in Malaysia and the sample size was 400 respondents. The dimension of product attributes is statistically significant and has influence to both attitude toward brand and brand preference. Overall, this study found that effect of utilitarian attributes in product attributes is greater than hedonic attributes on brand preference. The empirical test in this study confirmed the mediating role of attitude towards brand between product attributes and brand preference, while moderating role of salesmanship was not supported. The contribution of this study is to confirm the Stimulus Organism Response developed by Jacoby. The results found that product attributes included in sector one are considered as stimulus, attitude towards brand in sector three are organisms, in sector five the role of salesmanship is categorized as a stimulus, and brand preference is a response in sector seven. The results of study show that economy value, performance and serviceability are important attribute for consumer to preferred of brand and their attitude toward brand. Hence, product strategy based on attributes in automotive industries should be pursued from the point of view of the customers.

CHAPTER 1

INTRODUCTION

1.0 Introduction

Automobile industry becomes more competitive and always facing challenges. Globalization allows the industry to penetrate the local and regional markets. More people concerns vehicle attributes such as quality, after sale-service, fuel consumption, environmental friendly, comfort, size and price of their car. This study tries to reveal some analysis of the cars attributes performance based upon customers' views and analyze the influence of consumers who purchase vehicles by considering the characteristics of the product attributes.

This chapter provides an overview of the present study including background of the study, problem statement, research questions and the significance of the study. The definition of key terms explored in this study is also presented and the organization of research approach is introduced at the end of this chapter.

1.1 Research Background

Consumer behaviour is always an interesting thing for marketers. Knowledge of consumer behaviour is a tool that can help marketers to understand how consumers feel, the mindset and how consumers choose products and brands among the varieties available, and make it into the main question of how consumers make decisions and how decisions should be made (Edwards & Fasolo, 2001).

One of the most influential areas in consumer behaviour is consumer decision making (Bargh, 2002; Bettman, Luce, & Payne, 1998; Simonson & Stephens, 2000). At a conceptual level, the various models of consumer decision-making regarding purchasing products or service have been proposed recently, this study are cognitive psychology, they all share an abiding interest in exploring and understanding the mental structures and processes which mediate between stimulus and response (Kihlstrom 1987). Contemporary Cognitive Psychology has identified and developed a wide range of factors which are thought fundamental to these intrapersonal processes including: perception, learning, memory, thinking, emotion and motivation (Sternberg 1996). This study used Stimulus-Organism-Response models develop by

Jacoby (2002). There are many researchers who believe that in certain situations, product oriented models are necessary in learning the purchase-decision-making relations (Erasmus, Boshoff, & Rousseau, 2001). Furthermore, investigating decisions that involve higher capital intensive, such as a car or house purchase, can make an essential contribution to consumer behaviour knowledge (Wells, 1993). According to Erasmus et al. (2001), an exploratory approach may provide opportunities for an understanding of the complexity of specific decision-making circumstances.

Brands play an important role in consumers' decision making. This represents the intangible assets of a company. Owing to the very close relationship between brands and consumers, and the specific nature of branded products as an element of consumer life style, the branded goods industry needs to extend its knowledge of the process of brand preference formation in order to enhance brand equity. The study of brand preference has gained great interest. Most of the previous studies have focused on studying the impact of consumer behaviour factors; cultural, social, personality and psychological factors on brand preference or studying the impact of the role of advertising and promotion on brand preference (Carrie, 2000; Chintagunta, Dipak, & Naufel, 1991; DelVecchio, Henard, & Freling, 2005; Florack & Scarabis, 2006; Grimm, 2005; O'Connor & Sullivan, 1995). Brand preference of consumers is affected by many factors, such as consumer perception, product attributes, technology, durability, price, convenience, psychological needs, product value (Chidambaram. & Alfreed, 2007; Mandeep & Sandhu, 2006; Mulyanegara & Tsarenko, 2008; Ravichandran & Narayanarajan, 2004;

Truong, McColl, & Kitchen, 2010; Yang, Allenby, & Geraldine, 2002). In some studies, brand preference has been equated with brand loyalty for instance Rundle thiele and Mackay (2001). In other studies, it has been evaluated as a precursor to brand loyalty for example Odin, Odin, and Valette-Florence (2001). Brand preference is typically viewed as an attitude in which the consumer has a predisposition toward one or more brands. Ben-Akiva et al. (1999) had defined preferences as comparative judgments between entities. Similarly, Chomvilailuk and Butcher (2010) used this definition as a basis for distinguishing brand preference as a comparative judgment between a set of brands which leads to a more favourable attitude towards one or more of the brands. Many researchers agreed that the search for profitable product attributes and consumer perception is the key in brand preference (Yang et al., 2002).

In the past studies, many researchers agreed that the benefit search and consumer perception is the key in brand preference (O'Connor & Sullivan, 1995; Yang et al., 2002). Following a statement that product attributes and consumer perceptions affect brand preference (Yang et al., 2002), and with more complex combinations to predict brand preference O'Connor and Sullivan (1995) argue that brand preference is influenced by product usage, purchase patterns, attitude, benefit sought, consumer response and marketing variable. In the past, numerous studies found that consumer brand preference based on product attributes was significantly influential. In the smart phone market, attributes of product was significantly influenced by consumer brand preference example: durability, quality, functionality, and features (Djerv &

Malla, 2012; Irmak, Vallen, & Sen, 2010; Malasi, 2012). Another research was carried out on product attributes influencing brand preference, physical aspects of product (core attributes) driver consumer brand preference (Ghose & Lowengart, 2013). Attributes were identified to affect consumer brand preference for purchasing (Farah, Abidin, & Ismail, 2011), where the preference of giving a brand can be explained in terms of these factors; product reliability, monetary factor (resale value, price), consumers' feelings toward brand, quality, availability, and another study indicated that style and design was another factor when making purchasing decisions (Farah et al., 2011; North, de Vos, & Kotzé, 2003; Raj, Sasikumar, & Sriram, 2013 ; Zheng, Hikaru, & Li, 2011). According to the Lancaster model of consumer behaviour, the theory of brand preferences state that goods are valued for attributes and what differentiate products are merely the different bundle of attributes (Ara, 2003).

The evaluation process of buying a car is complex. The consumer wants to make a well-reasoned purchase decision and will consider several car attributes when making his decision. In general, the consumer will assign different levels of importance to attributes. Based on these attributes, consumers will select certain alternatives. Once these alternatives are selected, consumers will base their actual choice on the evaluation of other car attributes. The purchase price is the first factor that consumers take into account when purchasing a car (Cao & Mokhtarian, 2003). However, the actual choice for a certain car is also induced by other intrinsic characteristics of the

car, as previously mentioned, looks play an important role in the purchasing of a car (Cao & Mokhtarian, 2003).

Surrounding consumer behaviours are influencing many factors which affect the manner in which customers act and reason during the purchasing process. Consumers purchase goods and services and exhibit consumption behaviour for two basic reasons that concerns with utilitarian and hedonic considerations. Consumers choosing new automobiles may care about utilitarian features for example gas mileage and as well as about hedonic attributes for example sporty design (Khan, Dhar, & Wertenbroch, 2004). In addition, customers no longer focus on functional value alone when making a purchasing decision about products/services (Pitta & Katsanis, 1995). Many consumers are more interested in prestigious brands because of the hedonic and social values that particular brands deliver (Baek, Kim, & Yu, 2010; Dubois & Czellar, 2002). Users usually evaluate and choose products on the basis of their expectations of whether a product will meet their needs or goals like to express the social status of being hip and modern (Mittal, Ross, & Baldassare, 1998). One well established distinction in consumer behaviour research concerning the needs a product has to fulfil is the distinction between emotional-hedonic versus functional aspects of products.

This also can be applied in the decision making process in purchasing automobile, especially in Malaysia. Automotive industry is the largest investment in project approved in Malaysia (MIDA, 2011). The automobile industry has succeeded in fulfilling the government's industrialization efforts to enhance the country's economy (Uzir Mahidin & Kanageswary, 2004).

Malaysia is ranked as the highest nation in ASEAN in terms of car ownership density reaching 334 vehicles per 1000 persons in 2008 (Malaysia-German., 2011; Malaysia automotive sector., 2012) are manufactured or assembled domestically (MITI, 2007). Nowadays, the automobile industry in Malaysia shows a good growth annually through their joint venture with others countries, and contributes significantly to the Malaysian economy. This is evident by the increasing number of car sales annually (maa.org.my).

The growth of the automobile industry in Malaysia is due to the technology advancement leading to cost competitiveness in production, and the increase of Malaysians' spending power (btimes.com.my). The automotive industry in Malaysia can be considered as one of the most important and strategic industries in the manufacturing sector. Compared with other industries in the manufacturing sector in Malaysia, the automotive industry has been remarked to boost the industrialization process and Malaysia government developed a policy to promote an integrated automotive industry to strengthen its industrial base and reduce its dependency on the agricultural sector so that Malaysia can be a developed nation (Arshad, 2001; Industry, 2011). Furthermore, based on the abovementioned Nielsen's study, car ownership among Malaysians is not only the highest in the ASEAN but also has the highest incidence of multiple car ownership. It is reported that 54% of Malaysian households own more than one car. The abovementioned fact perhaps is adequate to explain the reason behind the high demand of both new and used cars in the country.

Since the private vehicles, in which the majority are cars play an important role in everyone's daily routine cars are the most convenient options for the daily commuting needs. Though there are many other reasons for someone to own car. Hence, manufacturers should take an initiative to understand consumers' preference in the near future and take actions to overcome the changing market. Relooking back to the marketing literature, if there is consumption to purchase, and considering the importance of the automobile industry for Malaysia, it is necessary to understand the consumer behaviour towards purchasing automobile in Malaysia, It could be a very interesting topic to know what the alternatives that can be mastered in order to know the consumer preference today and make out the possible steps of the consumers' buying process in the automobile market.

This study is analyze the influence of consumers who purchase vehicles by considering the characteristics of the product attributes, such as functional characteristics, or the need for utilitarian and aesthetic attributes or hedonic choices in the context of decision making. Until now, only a few studies have investigated the relationship between product attributes, attitude, salesmanship, and brand preference at the same time, particularly in the automotive industry; a gap that this research aims to fill on the basis of this background. This study aims to investigate the characteristics of an important consideration in choosing a brand and the reasons for choosing the appropriate brand.

1.2 Problem Statement

The Malaysian national automotive industry is not only a major industry in country but also a source of national pride (Malaysia German Chamber, 2011). Malaysia is ranked as the highest nation in ASEAN in terms of car ownership density reaching 334 vehicles per 1000 persons in 2008 (Malaysia automotive sector., 2012) are manufactured or assembled domestically (MITI, 2007). Automotive industry is the largest investment in project approved in Malaysia (MIDA, 2011). The automobile industry has succeeded in fulfilling the government's industrialization efforts to enhance the country's economy (Uzir Mahidin & Kanageswary, 2004), and Automotive sector contribution to GDP 3.2% in 2012. The development of the automotive industry in Malaysia has shown rapid growth. This is evident by the increasing number of car sales annually. One of the uniqueness of Malaysian automotive industry is the domestic manufacturing of passenger vehicles (Malaysia automotive sector., 2012). It also a great increase of vehicle sales and production in the past three decades. Wad and Govindaraju (2011) reported that passenger vehicles sales rose from below 54,000 in 1987 to 605,156 in 2010 while production rose from 104,00 to 567,715 vehicles. The domination of local car brand is also a unique characteristic of Malaysian automotive industry (see Table 1.1) 54.9% of the vehicle market share is dominated by local brand, and only 45.1% goes to imported car. This is different from China which is dominated by imported car (74%) or US (55%).

Table 1.1 Market share of sales new vehicle in 2013 (Hermes, 2014)

| Country | Local car brand | Imported car brand |
|---------|-----------------|--------------------|
|---------|-----------------|--------------------|

| | | |
|---------------|-------|-------|
| China | 38.5% | 61.5% |
| Malaysia | 54.9% | 45.1% |
| United States | 45% | 55% |

In a more detail figures, Table 1.2 depicts two local brands that dominate the Malaysian car market, namely, Perodua and Proton. For instance, Perodua, a local brand, dominates averagely 31% of market share in the past four years. Proton has averagely 26% of market share in the past four years. Another local brand, Naza, has around averagely 1.5% of market share in the past four years. In total, with these three brands, Malaysian car brand has averagely 59% of market share compared to 41% of imported cars.

Table 1.2 Malaysia car market share sales by brand

sumber : www.motortrader.com.my

| No | Brand | 2009 | 2010 | 2011 | 2012 |
|----|------------|--------|--------|--------|--------|
| 1 | Perodua | 31.06% | 32.4% | 31.10% | 30.20% |
| 2 | Proton | 27.57% | 27.00% | 27.40% | 22.60% |
| 3 | Toyota | 15.23% | 15.40% | 14.70% | 16.80% |
| 4 | Nissan | 5.87% | 5.40% | 5.20% | 5.80% |
| 5 | Honda | 7.22% | 7.60% | 5.60% | 5.60% |
| 6 | Mitsubishi | 1.30% | 2.00% | 2.10% | 1.90% |
| 7 | Isuzu | 1.00% | 1.00% | 1.00% | 1.70% |
| 8 | Suzuki | 0.09% | 1.20% | 1.30% | 1.30% |
| 9 | Naza | 2.07% | 1.60% | 1.60% | 1.30% |
| 10 | Other | 28.59% | 6.60% | 10% | 12.80% |

However, the domination of local brand starts declining. Table 1.1 shows local car dominated 61% of Malaysian car market in 2007, yet, Table 1.2 documents a declining trend where local brand only had 54% of Malaysian market share in 2012. This shows the uniqueness of Malaysian brand preference in car purchasing decision making. Wad (2006) documented that local car is losing market share in Malaysia and

the national auto manufacturer faces tougher competition in the future within the regional free trade area (AFTA). The objective of AFTA is to increase ASEAN competitive edge as a production base geared for world market which will be realized through the elimination of intra-regional tariffs and non-tariffs barriers, allowing manufacturing sectors to become more efficient and competitive (Uzir Mahidin & Kanageswary, 2004) ; Kosmo, 2013). The issue of imposing ASEAN free trade area, where will be no tax protection in Malaysia, will hurt the local brand even further. However, this also means that there is increasing competition for domestic industries due to the liberalized market. Due to the emergence of globalization and liberalization, there is a stiff competition among the automobile industries. Here the focus is on the attention to capture the Malaysian markets as automobiles are a part of day to-day life and has become a necessity. Several brands may have the visibility and credibility to be considered, but to be selected, the brand has to be preferred over others. When a consumer decides to buy a vehicle, he seeks information about each brand and finally makes up his mind (Kotler & Armstrong, 2010). Horsky, Sanjog, and Nelson (2006) demonstrated the importance of incorporating information about brand preference into the choice model. In spite of the significant role that the car industry plays in the nation's economy, there is deficiency of literature on the car industry in Malaysia, particularly on the passenger car industry. The literature review is done to clarify the underlying concepts in brand preference and to unearth the factors that have been found to affect brand preference.

Previous research was carried out product is an important variable and significantly influenced consumer brand preference for purchasing (Djerv & Malla, 2012; Farah et al., 2011; Ghose & Lowengart, 2013; Irmak et al., 2010; Malasi, 2012; Szamosi, Heslop, Papadopoulos, Mort, & Ettenson, 1995;

Venkatraman, Clithero, Fitzsimons, & Huettel, 2012). The results vary on how certain dimensions involved in product attributes affect consumer brand preferences. Consumers often look for attribute information when choosing between a product or brand, as they evaluate product attributes (Allen, 2001; Allen & Ng, 1999; Ladipo, Iyiegbuniwe, Ighomereho, & Ganiyu, 2014). These findings highlight the need to gain an understanding of the impact of the attributes that were chosen and their contribution to the brand preference. Most previous studies on product attributes have concentrated on the factors that influence consumer brand preference, but very few had incorporated these factors into utilitarian or hedonic attributes. Furthermore, the attributes of the product is separated into utilitarian or hedonic attributes as a basis for making decisions. When consumers choose products, they evaluate products based on attributes. Attributes of this product should be a real attribute as utilitarian and intangible attributes are images/hedonism (Allen, 2001; Allen & Ng, 1999). Similarly, Dhar and Wertenbroch (2000) stated consumer's choice of a product may systematically vary in whether their purchase is driven by utilitarian or hedonic consideration. Hedonic and utilitarian attributes can lead to brand preference and thus the intention to purchase.

Dardis and Ferrer (1994) has results that indicate automobile attributes and household characteristics affect consumer brand preferences for cars. Similarly Ismail, Masood, and Tawab (2012) stated that product attributes influence consumer's final decision and the most important factors influencing consumer brand preferences are price and quality. Another previous research stated that brand preference for cars is influenced by product factor, psychological factor, information factor and economic

factor (Dharmaraj & Sudhahar, 2010). The mixed and varied finding raises some suggestions to further explore the possibility of other mediating variables (Burton, Lichtenstein., Netemeyer, & Garretson, 1998). On the other hand, the relationship between attitude towards the brand and consumer brand preference has been found to vary in some research (Pecheux & Derbaix, 1999; Steenkamp & De Jong, 2010). It shows that product attributes provide strong explanation for formation of attitude toward brands, related to consumer decision to choose preferred brands.

Additionally, in choosing a type or brand that becomes the preference for customers, then the role of salesmanship comes into play to explain the product and might affect consumers in product selection and purchase decision. Salespeople have influence on effectiveness of the communication (Kotler & Armstrong, 2010). A salesperson should have good communication and personal relations skill which will influence on purchasing decision (Bayraktoglu & Tabak, 2004). Wilkie (1994) reported that the industrial firms considered the salesperson's function five times more important than advertising. Similarly, Ailawadi (2001) pointed out that salespersons should have a positive long term effect on sales and encourage immediate action among consumers. From the industry, relative influence of personal selling is not strong with consumers, nevertheless, quite inescapably, salespeople have a large influence on consumer buying (Sujan, 2010). This is consistent with our anecdotal evidence that shows salesperson is another factors that is most influential in consumer buying decisions (Time, 2012). Therefore, this research introduces salesmanship as the moderator on the relationship between motivation to choice and buying decisions.

Elaborating the phenomenon of the Malaysian automobile industry and literature of brand management, it remarks many previous studies on the selection of an appropriate vehicle for the customers based on product attributes according to consumer perceptions. These efforts have enriched our understanding of the importance of product attributes and consumer perceptions in choosing a vehicle. Identifying patterns of consumer preference across the population and uncovering consumer heterogeneity is vital for designing and developing innovative marketing strategies (Russel & Kamakura, 1997), and efficient market segmentation strategies (Horsky et al., 2006). It is important for marketers to know how consumer trade-off between different brands is before making their choice.

Since the brand preference has a direct influence on consumer purchasing decision, then segmenting the market based on brand preference is more interpretable and managerially useful (O'Connor & Sullivan, 1995). Understanding brand preference contributes in building a strong brand that will be able to build long term relationship with consumers. Only few studies had investigated the outcomes of brand preference and its impact on future decisions. Therefore, there is a lack of understanding on how preferences are formed (Dhar & Novemsky, 2008; Singh, Hansen, & Gupta, 2005) and the consequences of this. More specifically, this study addresses consumer brand preference for vehicle as an example of high involvement products.

This study extends previous research but by taking a different approach. First, this study focuses on product attributes of the various types of locally branded and internationally branded vehicles, with the increasing demand on

cars in the automobile market in Malaysia, both the local and foreign brands have to compete to get consumer attention to purchase their cars. Although previous studies have examined the attributes of the product information/benchmark in choosing vehicles but still little research has focused on local and imported brand preference.

Consumer behaviour on online purchasing in Malaysia according to Kaid Al-Swidi, Behjati, and Shahzad (2012) is that the utilitarian perception has an influence in purchasing decisions but not affected by the hedonic perception. While the different results obtained from Delafrooz, Paim, and Khatibi (2011) stated that the hedonic oriented consumer has a direct effect on the purchase while the opposite occurs in the utilitarian oriented consumer. In another study on vehicle ownership in Malaysia, cars have been explored as a powerful symbol of social status and identity, and in the Malaysian context having a car is important (Fischer, 2014). Because there are differences in utilitarian-oriented and hedonic-oriented consumers in making decisions to buy, as well as perceptions about the importance of owning a vehicle in Malaysia, hence the importance of the attributes in consumer preferences will be the focus of the study to examine consumers' utilitarian and hedonic nature of their purchases.

Second, this study examines how consumer has perceptions of product attributes in choosing a vehicle based on their hedonic or utilitarian aspects. This study will extend the previous studies with utilitarianism and hedonism as variables added to brand preference as a dependent variable. Previous studies have made research on these dimensions, but so far, the detailed selection of

vehicles from local and imported brands still has not been studied. Therefore, this study focuses on consumer perceptions of either hedonic or utilitarian attributes of products to choose an appropriate vehicle based on the appropriate brand. Competitive pressures and increasing complexity have led automotive companies to look for an edge wherever they can find it. Thus, it is crucial to find out what factors influence consumer buying behaviour towards automobiles in Malaysia to identify consumer needs and issues that influence their purchase. This study seeks to explore the dynamics of brand preference in automotive sector with respect to vehicle choice by consumer and to know the consumer preference today and make out the possible steps of the consumers' buying process in the automobile market in Malaysia.

1.3 Research Questions

1. Do product attributes affect attitude towards brands?
2. Do product attributes affect brand preference?
3. Do attitude toward brands affect brand preference?
4. Would attitude towards brand mediate the relationship between product attributes and brand preference?
5. Would sales person moderate the relationship between attitude towards brand and brand preference?

1.4 Research Objectives

1. To investigate the effect of product attributes to attitude toward brands.
2. To investigate the effect of product attributes to brand preference.
3. To investigate the effect of attitude toward brands to brand preference.

4. To investigate the influence of attitude towards brand as a mediator between product attributes and brand preference.
5. To investigate the influence of salesmanship as a moderator between attitude towards brand and brand preference.

1.5 Significance of study

This study is specifically significant theoretically and practically for researcher and managers for the following reasons:

1.5.1 Theoretical Contribution

This study is based on Stimulus Organism Response Theory and theory of consumer choice. The purpose is to reveal the reason consumers choose a suitable vehicle based on product attributes as a reference in selection. In theory, the attributes of the product plays an important role as a basis for consumers to purchase a product. Other than that, in the theory of consumer choice and buying behaviour, that can impact on attitude toward brand can influence purchasing decision. In this research, it will add the role of hedonism and utilitarian to reveal the reason consumers choose vehicles with reference to the attributes of the product.

Since more and more businesses have shown concern on the consumer perception of attributes product and decision to purchase, the research on the relationship between perception of attributes product and decision to purchase becomes an instant need to study the response from the involved parties. Their experience may answer people's curiosity on why these criterions are needed

and important in Malaysia's automobile markets. The first relevant scientific contribution of this study is to provide a deeper understanding of how consumer can reveal their preference of a product by choosing an attribute that is deemed most important to them. Furthermore, this study contributes to the literature in consumer behaviour, in which the role of hedonism and utilitarianism can influence consumer behaviour in view of the attributes of the product as the basis for decision making. This study also contributes to the literature in consumer behaviour, in which the attitude toward brands can influence consumer behaviour in view of the attributes of the product as the basis for decision making.

1.5.2 Practical Contribution

Upon completion of the study, the result of the study can provide a variety of benefits to the automobile company in Malaysia. The customers' perceptions of product attributes and brand preference that influence their decision to purchase in the automobile industries are clarified in this study can be very useful because it will enable the automobile manufacturer in Malaysia to be exposed at a higher services and product quality or even brand image in future. It is hopeful that the result of this research may give contribution to further study on this market and provide a guideline for the automobile manufacturer to satisfy customers' need.

This study contributes to the automotive industry, especially automobile manufacturers. Manufacturers can take a look at the market share of what consumer desires in choosing a car. Manufacturers may consider and

focus on the attributes of the product if they want to take market share for consumers who are hedonistic or utilitarian. Manufacturers can also use the information obtained on the product based on utilitarian attributes or hedonic attributes, that consumers use as basic need to make a purchase. that information can be used to built a strategy to beat their competitors.

1.6 Scope of Research

As mentioned earlier in the problem statement, this research only covers car owners, specifically, Malaysians who own a car. The scope of the study is limited to the attributes of economy, safety, durability, performance, and serviceability (also as utilitarian attribute), style and comfort (also as hedonic attributes). It examines the impact of product attributes on consumer brand preferences, attitude toward brand as mediator variables and sales person as moderator variables.

1.7 Study issues

Consumers buy goods and services to satisfy various desires and needs. Goods and services alone are not as important as human needs and desires that must be fulfilled. Consumers do not actually purchase goods or services only to fulfil their needs, but also to fulfil their wants. In other words, consumers who actually purchase goods and services have the ability to meet their needs and desires. Usually the consumers decide which option best suits their needs and desires. The determination of their choice will be influenced by several

external factors such as the attributes of products and also factors derived from the individual self, and in this case the perception of consumers.

This study is to examine broadly the product attributes and measure and analyze the effect on brand preference with the attitude towards the brand as a moderating factor and salesmanship as a moderator. This study also determines consumer perception in seeing brands based on product attributes.

1.8 Operational Definition of Key term

| Variable | Definitions |
|---------------------------|---|
| Product attributes | The elements of products are considered necessary by consumers and serve as a basis for decision making (Kaplan & Norton, 1996) |
| Economic value | Economic value is a subjective price level that is used by the consumers to determine if the product is at an acceptable price for purchase (Mayhew and Winer, 1992). Economic value of vehicles, such as resale price, cost of spare part and fuel costs |
| Performance | Performance refers to the degree of excellence in a product or service (Xianhua and Germain, 2003) and is considered the ability of a product or service to perform its specific task (Ennew et al. 1993). |
| Safety | Consistency of performance over time (Keller & Lane, 2003). Security system in driving, such as handling systems, brake, sensory, airbags and seatbelt. |
| Durability | |
| Serviceability | Expected economic life of the product (Keller & Lane, 2003) |
| Style | Easy of service of the product (Keller & Lane, 2003), the existence and easily service for vehicles such as workshops, warranty |
| Comfort | Appearance or feel of quality (Keller & Lane, 2003), appearance or design of vehicle including features and models |
| Utilitarian | Degree to which the product meets specifications and has no defects (Keller & lane, 2003) |
| | Attributes refer to functional and practical benefit (Chitturi, |

| | |
|-------------------------------|---|
| attributes | Raghunathan, & Mahajan, 2007; Dhar & Wertenbroch, 2000) |
| Hedonic attributes | Attributes refer to aesthetic and enjoyment related benefit (Chitturi et al., 2007; Dhar & Wertenbroch, 2000) |
| Attitude towards brand | Consumer perception regarding a brand (Shimp, 2010) |
| Salesmanship | Effectiveness of communication or behavior and selling performance of sales person (Guenzi, 2002; Kotler & Armstrong, 2001) |
| Brand preference | A relative preference for choosing and using a specific toward one over other brands (Chomvilailuk & Butcher, 2010) |

1.9 Organization of the Study

This thesis consists of five chapters. The first chapter presents the background of the study, problem statement, research objective and research questions, significance of the study and definition of key term.

Chapter two will review previous research literature on consumer choice, variables related to theoretical framework of the present study and relevant theories pertaining to it. The development of hypotheses to be tested in this study will also be presented.

Chapter three explains the research methodology used in this study to answer the research questions. It includes the research conceptual framework, research hypotheses, research design, population, sample size, data collection procedures and statistical analysis.

Chapter four presents the data analysis and findings. It begins with descriptive statistics and profile of respondents. This is followed by an assessment of goodness of measure, correlation analysis, multiple analysis and hierarchical analysis in order to test the research hypotheses.

Chapter five presents a discussion and conclusion. This chapter begins with the recapitulation of the study and is followed by a discussion of the findings and implications of the study. The limitations of the research and recommendation for future research are presented in this chapter. Finally the conclusion is provided.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter reviews relevant literature and conceptual background of dependent and independent variable chosen in this study. This chapter begins with the explanation of consumer decision making model, and followed by the theory of stimulus organism response which is coping the explanation of the consumer decision making process. Finally, the process of developing the hypotheses which show the relationships between the studied variables in this study is discussed.

2.1 Consumer Decision Making and choice

Consumer behavior is expressed as behaviors exhibited by consumers in search, purchase, use, evaluate, and dispose of the products/services and ideas that they hope will satisfy their needs (Schiffman & Kanuk, 2007). A decision is the selection of an action of two or more alternative options. the consumer's decision to purchase goods from the various alternatives available known as the purchasing decisions of consumers (Vani, Babu, & Panchanatham, 2011). For term of decision making process term, the measurable input to decision process are product attributes, information form marketing programs and other source (Mc Fadden, 2001). A modern research on consumer behavior into account a various of consumption activities outside purchases. The idea of

consumer behavior has been answered concepts and the growth of contemporary marketing to encompass a more holistic range of activities that may affect consumer decision (Blackwell, Miniard, & Engel, 2006).

In consumer decision-making is often complex and involve a number of complicated which enable a constructs. Some viewpoints on decision-making by consumers have been considered in the literature. A number of different approaches have been adopted in the study of decision-making, describes on the tradition of psychology offers. The low involvement of consumers can use a simple decision rules in achieving attitude assessment. according to the utilization theory (Richardson, Dick, & Jain, 1994; Steenkamp. & Dekimpe, 1997) the consumer may only use one or more of the overall indicators or construct of product quality or performance. The behavior of high consumer involvement can be analyzed and presented in the viewpoint of information processing (Blackwell, Miniard, & Engel, 2001; Østergaard & Jantzen, 2000) the interaction between consumer and stimuli in the environment, consumer affections should be included in the explanation of consumer decision making (Bagozzi, Wong, & Bergami, 2000).

Several efforts have been made to develop models which seek to incorporate the possibility complexity of consumer decision making. The theory of buyer behavior (Howard & Sheth, 1969) and the consumer decision model (Blackwell et al., 2001) are two of the most widely cited analytical models. In microeconomics, the theory of consumer preferences related to choice (for consumption of goods and services) for consumption expenditure, which ultimately, the relationship between preference and consumption

expenditure used to connect consumer preferences and demand curves. The important construction in model of cognitive decision process are perception of the product, preference between products that are mapped preference into choice (Mc Fadden, 2001).

Difficulty to choose has been important factor in preference construct study (Novemsky, Dhar, Schwarz, & Simonson, 2007). A contemporary economic choice theory starts based on the assumption that individuals or homogeneous population have market behavior generated by maximization of preference (Mc Fadden, 2001). In the case of high involvement of consumers, the process of consumer choice involves three stage which are product-market perception (Davis, 2005), consideration and choice the compound studies of choice show that most consumers practice purchasing of multi brand, selecting among a small of brands that compose the product category (Ehrenberg, Barnard, & Sharp, 2000). Consumer choice process is limited, the elements classified to a multi-staged and dynamic characterization of consumer choice maybe define fairly generally (Lynch, Chakravarti, & Mitra, 1991). Thereby, product attributes selectively encoded and represented in consumer memory in learning phase.

2.2 Stimulus Organism Response Theory

The main theory of this research is Stimulus Organism Response theory (SOR theory). It is from the neo-behavioral theory of cognitive school of thought. This stimulus based decision making is developed under cognitive approach, where cognitive approach comes from cognitive psychology theory. Cognitive